

Countywide Discretionary Revenue

DESCRIPTION OF MAJOR SERVICES

Countywide discretionary revenue includes income that is not directly related to any particular county activity. Discretionary revenue finances departmental budgets' local cost. Special departmental expense appropriations are for county expenses that cannot be appropriately charged to a specific department. The interest on notes appropriation reflects costs related to the county's annual short-term borrowing for cash flow needs. These costs are more than offset by earnings in the county's investment program.

There is no staffing associated with this budget unit.

	Actual 2002-03	Budget 2003-04	Actual 2003-04	Budget 2004-05
<u>Appropriations</u>				
Special Departmental Expense	603,453	1,000,000	365,800	1,000,000
Interest on Notes	3,011,231	5,000,000	1,303,333	5,000,000
Total Appropriation	3,614,684	6,000,000	1,669,133	6,000,000
<u>Revenue</u>				
Taxes	161,698,014	168,721,430	181,248,889	185,519,184
Use of Money & Property	21,877,860	20,600,000	20,570,838	22,351,000
State Aid	119,451,943	126,773,967	96,390,752	131,770,160
Federal Aid	1,534,280	1,530,275	1,738,951	1,820,799
Current Services	32,781,213	35,180,011	36,399,554	35,249,860
Other	3,590,335	1,430,000	1,979,388	1,430,000
Total Revenue	340,933,645	354,235,683	338,328,372	378,141,003

TAXES

	Actual 2002-03	Budget 2003-04	Actual 2003-04	Budget 2004-05
Property Taxes				
Current Secured, Unsecured and Unitary	121,813,873	125,905,507	132,022,200	137,207,735
Supplemental Tax Roll	4,937,268	4,885,025	6,102,778	5,275,827
Penalty on Current Taxes	1,132,479	1,135,599	1,862,768	1,135,599
Prior Property Taxes/Penalties	3,872,247	5,366,233	6,337,896	5,366,233
Other Taxes				
Sales and Use Tax	15,862,952	16,518,694	16,209,775	17,371,802
Franchise	4,846,384	5,010,000	5,458,526	5,533,000
Property Transfer	7,752,989	8,163,750	11,578,232	11,906,555
Other Taxes	1,479,822	1,736,622	1,676,714	1,722,433
Total Taxes	161,698,014	168,721,430	181,248,889	185,519,184

The county's share of the 1.0% property tax for 2004-05 is estimated to be \$137.2 million. This is based on an estimated 10.4% increase to secured assessed valuation, an 8.0% increase to unsecured assessed valuation, and an unchanged unitary tax roll. Supplemental taxes are expected to increase by 8.0%. Increases have been calculated based on the 2003-04 budgeted amounts.

In addition to property tax, the county is authorized to collect other types of taxes in the unincorporated areas. Sales and use taxes are projected to increase approximately 4.8% over 2003-04 budgeted amounts, plus approximately \$60,000 in additional sales tax revenues from retail outlets opening in the donut hole. Franchise taxes, which are collected primarily from utility company and cable TV revenue, are projected to grow 7.1%, offset by projected revenue losses due to last year's wildfires. Property transfer taxes are expected to increase dramatically due to rising home prices and sales volume activity.

USE OF MONEY AND PROPERTY - \$22,351,000

Total interest earnings for 2004-05 are projected at \$22.4 million. These earnings will be offset by \$5.0 million in expenses associated with the short-term revenue anticipation notes program (TRANS). The increase in this revenue source is attributable to an estimated increase in interest earnings on the treasury pool.



STATE AID

	Actual 2002-03	Budget 2003-04	Actual 2003-04	Budget 2004-05
Motor Vehicle In Lieu	117,661,384	124,974,967	94,583,162	129,971,160
Other Aid	1,790,559	1,799,000	1,807,590	1,799,000
Total State Aid	119,451,943	126,773,967	96,390,752	131,770,160

Motor vehicle in-lieu tax is based on vehicle registration fees and new car sales statewide. The majority of these fees are allocated to local governments as general purpose financing. Distribution of these funds is made on the basis of population. In 2002-03 VLF fees to vehicle owners had been reduced by 67.5% by the State, who then backfilled these lost revenues to local governments from the State's general fund. Effective June 20, 2003, the state ceased making these backfill payments and did not resume making these payments again until after October 31, 2003. This resulted in a four-month backfill gap that reduced county revenues by approximately \$35.3 million in 2003-04. The 2004-05 budgeted amount reflects estimated VLF revenues assuming the backfill will be paid through the entire fiscal year. It also assumes a 4.8% revenue increase from the 2003-04 year end estimates excluding revenue impacts caused by the four-month elimination of the backfill.

Other aid consists of a payment from the welfare realignment trust fund, which replaced the state revenue stabilization program, and SB90 reimbursements from the state.

FEDERAL AID - \$1,820,799

Under current law, local governments are compensated through various programs for losses to their tax bases due to the presence of most federally owned land. The most widely applicable program is the Payments in Lieu of Taxes (PILT). PILT for the county is budgeted to increase 7.7% over estimated 2003-04 revenues.

CURRENT SERVICES

	Actual 2002-03	Budget 2003-04	Actual 2003-04	Budget 2004-05
Reimbursement for Indirect Costs	17,282,020	20,847,838	20,847,792	19,661,157
Law Enforcement Services	4,323,386	3,937,000	5,050,623	3,937,000
Sheriff Contract Overhead	1,670,483	1,000,000	1,468,794	1,000,000
SB 813 Cost Reimbursement	2,668,128	2,720,173	2,943,907	3,112,104
Other Services	6,837,196	6,675,000	6,088,438	7,539,599
Total Current Services	32,781,213	35,180,011	36,399,554	35,249,860

Various state and federal grants permit the county to claim certain overhead costs against them. In addition, most fee supported general fund departments and taxing entities, such as the library and Board-governed special districts, are charged for indirect costs incurred in the general fund on their behalf. Reimbursement for indirect costs reflects those recovered allowable costs included in the 2004-05 countywide cost allocation plan (COWCAP).

Law enforcement services reflect the amount estimated to be recovered through the jail booking fee. The budget is based on a fee of \$159.72 on approximately 24,600 bookings. This fee was not increased for 2004-05.

Sheriff contract overhead represents certain county overhead charges recovered through city law enforcement contracts with the Sheriff's Department.

SB 813 cost reimbursement represents allowable charges for administration and operation of the supplemental property tax program. This reimbursement is tied directly to the performance of supplemental property tax revenue.

Other services reflect the property tax administrative fee, which the legislature provided for counties to recover the cost of property assessment and tax collection process from certain other local jurisdictions. This revenue is tied directly to the cost of that collection effort.

OTHER REVENUE - \$1,430,000

Other revenue consists of voided warrants issued by the county, projected transfers of unclaimed property tax refunds to the general fund, the county share of vehicle code violation revenue, and other miscellaneous revenues.

